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REPORT

OF

THE AUDITOR-GENERAL

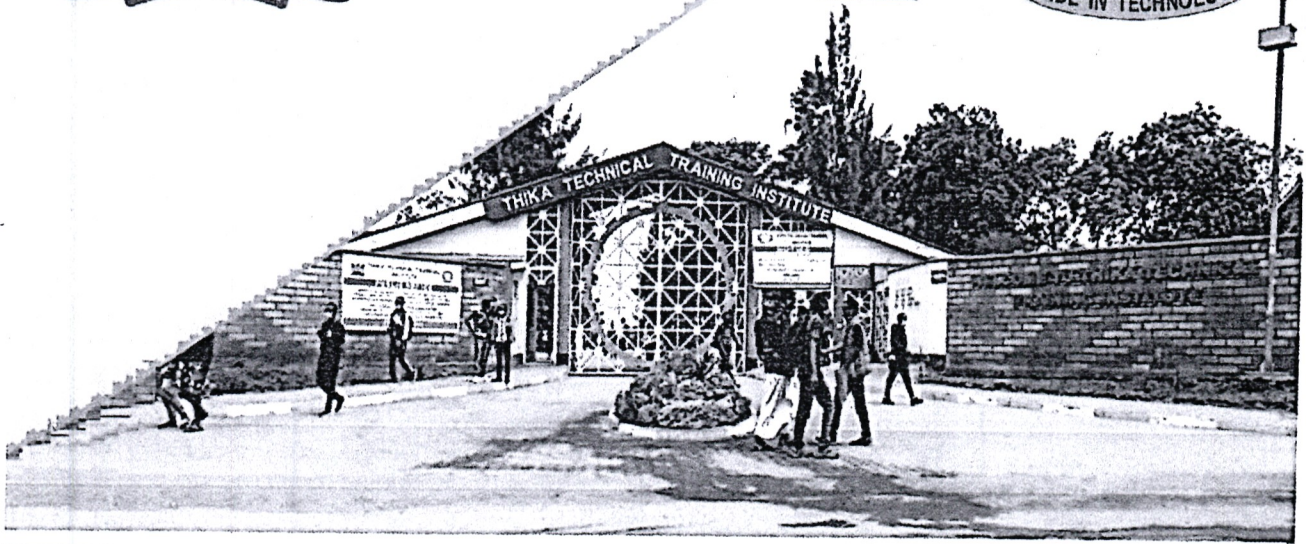
ON

**THIKA TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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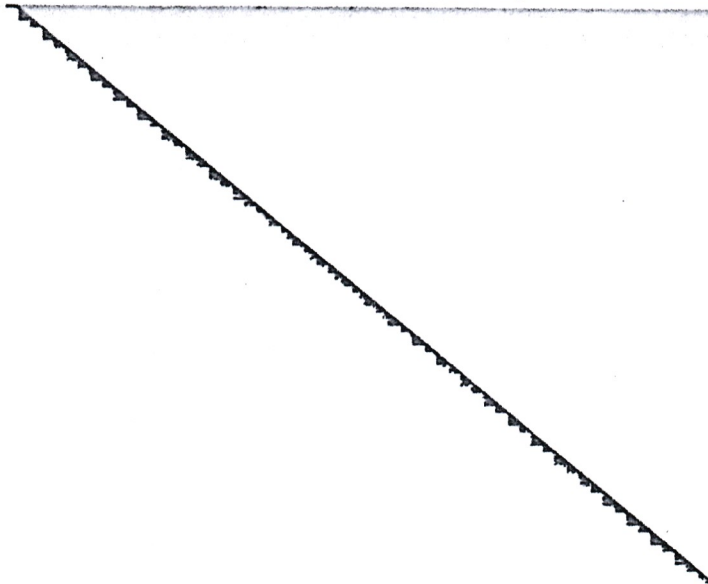


THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2021**

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)**



THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Thika Technical Training Institute was established under the TVET Act/ 2013 in 2017 via certificate number TVETA/Public/TVC/0008/2017. The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education.

It stands on 45 acres of land. Its history dates back to 1949 when it was started as a vocational training centre for former World War II servicemen which was then elevated to a Technical high school where primary graduates were admitted for secondary education with a technical base. The Institute is located in Thika Town along General Kago Road next to Thika Level 5 District Hospital.

The Institution has Nine admitting departments with over fifty courses being offered.

(b) Principal Activities

i) Mandate

The principal mandate of the entity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act, among others.

ii) Vision

To be the centre of excellence in Technical, Industrial, Vocational and Entrepreneurship Training.

iii) Mission

To provide Training, Research and Outreach Programmes that impart skills and utilize applied knowledge to spur economic growth and solve problems in society.

iv) Core functions

- ✓ To give quality training and services
- ✓ To mould wholesome individuals
- ✓ To uphold teamwork in all our undertakings
- ✓ To enhance linkage with industries
- ✓ To enhance linkage with other institutions
- ✓ To uphold research and development
- ✓ To uphold innovation and creativity.

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v) Core values

- ✓ Quality training, Ethical practices
- ✓ Fairness and equity
- ✓ Team work
- ✓ Transparency and accountability
- ✓ Respect of rule of law
- ✓ Cleanliness and orderliness
- ✓ Efficiency and efficacy

(c) Key Management

The entity's day-to-day management is under the following key organs:

- ✓ The Board of Governors
- ✓ Accounting Officer
- ✓ Management team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Hannah N. Mburu
2.	Deputy principal Administration	Gerald N. Kigia
3	Deputy principal Academics	Benson M. Kioko
4	Registrar	Joseph. Gachau Muchangi
5	Dean of students	Mary K Mungai
6	Head of Finance	Stephen N. Wairima

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance & Operations Committee	1. Peris Muniafu - Chairperson 2. Stephen Chongoti - Member 3. Alex Mwaniki - Member
Audit & Risk Committee	1. Eng. George Matoke - Chairperson 2. Dan Ochieng - Member 3. Alex Mwaniki - Member
Academic Committee	1. Rebecca Mpaayei - Chairperson 2. Dan Ochieng - Member 3. Stephen Chongoti - Member

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Finance & Operations committee activities

The Committee exercise the powers of BoG in financial matters as provided in the TVET act 2013, on which the Committee advises the BoG.

Terms of Reference: The role of the Committee is to coordinate and mobilize financial resources of the institute on behalf of the BoG in addition to advising the BoG on those matters referred to above, the Committee's responsibilities include:

- ✓ To receive reports from the Principal and the Finance Officer on financial matters.
- ✓ To receive reports of the extent and condition of the institute including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- ✓ To consider the adequacy of the institute and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- ✓ To determine the fees and charges made for institute services and facilities.
- ✓ To ensure the proper financial evaluation and control of projects.
- ✓ To supervise arrangements of investing Institute's funds and monitoring of investments performance.

Audit & Risk Committee activities

The Committee exercise the powers of the BoG in Audit and risk matters as provided in the TVET act 2013, on which the Committee advise the BoG.

Terms of Reference: The role of the Committee is to audit the use of resources and asses risk status of the institute on behalf of the BoG. The Committee's responsibilities include:

- ✓ To monitor and facilitate the implementation of the institute's strategy with regard to financial matters.
- ✓ To supervise the arrangements for safeguarding the Institute's assets.
- ✓ To submit an annual statement on its activities to the BoG.
- ✓ To keep under review, the activities of the Institute's various departments.
- ✓ To supervise the financial administration of the institute and make recommendations to the BoG where appropriate.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Academic Committee activities

The Committee exercise the powers of the BoG in academic matters on which the Committee advises the BoG.

Terms of Reference: The role of the Committee is to ensure academic standards and quality, and, in fulfilling this function, ensures academic freedom, academic integrity and high standards in research, assessment and admissions. The Committee's responsibilities include:

- ✓ Formulate, coordinate and review academic policy, procedures and guidelines within the institute.
- ✓ Promote excellence in teaching and learning.
- ✓ Oversee the quality assurance of the academic work.
- ✓ Facilitate free intellectual enquiry and ensure academic integrity.
- ✓ Consider and make decisions on all aspects of the development and accreditation or re-accreditation of education courses, the admission of students, teaching, assessment and requirements for graduation, prizes and awards and.
- ✓ Advise on the academic aspects of Institution's strategic, operational and risk management plans and to foster discourse on issues related to higher education and Institution's Vision and Goals.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations/ Capatation and Development funds as well as provision of the regulatory framework. The audit of the Institution's activities is undertaken by the Auditor General.

- (f) **Ministry of Education**
State department of vocational and Technical training
P.O. Box 9583 - 00200
Jogoo House B,
Harambee Avenue
Nairobi, KENYA








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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- (g) **Thika Technical Training Institute**
P.O Box 91 - 01000
Telephone: (254) 700777799, (020) 2044965
E-mail: thikatechnical@gmail.com
Website: www.thikatechnical.ac.ke
- (h) **Entity Bankers**
1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
 2. Absa Bank of Kenya
Thika branch
P.O Box 219 - 0100
Kenyatta Highway - Thika
 3. Equity Bank
Thika Equity Plaza branch
P.O.Box 253-01000
Thika
 4. NCBA Bank
NCBA Building, Uhuru Street,
P.O. Box 44599-00100
Nairobi
 5. Family Bank
Thika town
P.O Box 74145-00200,
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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II. THE BOARD OF GOVERNORS

No.	Member/ Director	Details
1.	 <p>Dr. Joseph Muguthu - Ph.D. in Mech manufacture & Automation -Master of Philosophy in Technological Education -BED – Technology Education</p>	<ul style="list-style-type: none"> - Date of Birth: Date of Birth 14th Dec 1972 - Chairman of the Board - Lecturer Kenyatta university with over 7 years - Lecturer at Technical institutions for 11 years - Maths Physic teacher – Hekima Girls - 2 years - Has published many journals and papers. - He is an Independent member
2.	 <p>Peris Muniafu - MBA-Strategic Management - BSC – Strategic Management</p>	<ul style="list-style-type: none"> - Date of Birth ... 1967 - Chairs Finance and operations Committee - Certified Custodian from IFF (UK) - Bank Manager - NBK - Trustee NBK Staff Pension Fund - Executive Career coach and RMT chairperson - She is an Independent member
3.	 <p>Stephen Chongoti - Date of Birth 16th Dec 1963 - BSc(Maths) - B. University Canada - Diploma – Farm Machinery Mechanics Canada</p>	<ul style="list-style-type: none"> - Director & Founder – Contour Construction & Engineering Ltd - Director & Founder -Mtandao ltd - Manager/Systems administration – Telkom. - Deputy Chief Information Technology Officer - He is an Independent member
4.	 <p>George M.K Matoke -Date of Birth 7th July 1959 -Pursuing PHD - Renewal energy -MSc– Engineering systems & mgt -Bachelor of Industrial Technology</p>	<ul style="list-style-type: none"> - Long serving Engineering Asst in public service - Strategic Development programme - Performance management - Project implementation programme - He is an Independent member
5.	 <p>Daniel Ochieng Ogola - Date of Birth 6th April 1967 - Masters –Community health & development - BSc – (Hons) KU</p>	<ul style="list-style-type: none"> - Project technical advisor – HIV/AIDS program - Consultancy – National Agriculture Sector Growth and Transformation Strategy (ASGTS) - Project officer – Skilled care initiative project. - He is an Independent member
6.	 <p>Alex Mwaniki - Date of Birth 12th Sept 1972 - BSC Computer Science</p>	<ul style="list-style-type: none"> - Management courses – British Council - Microsoft Certified professional – Data Canter - Project management - Senior data analyst - He is an Independent member
7.	 <p>Rebecca Rayon Mpaayei - Master of Science – Usiu - Bachelor of Science - Usiu</p>	<ul style="list-style-type: none"> - Date of Birth 9th August 1971 - Chairs Academic Committee - 23 years of experience in management, leadership, capacity building and exporting - Manager, Gender Mainstreaming & Women dev - She is an Independent member

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IV. CHAIRMAN'S STATEMENT

I am pleased to report that Thika Technical Training Institute (TTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance, operations & risks associated with the Institution, and lastly our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 28% annual growth for 2021, based on the current 7,300 in 2020 from that of 5,500 students in 2019.

We thank the Government of Kenya for providing state-of-the-art training equipment, capitation and employment of Trainers through the devolved system by the Public Service Commission that has greatly contributed towards increased student enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation.

Successes


During the year, we have witnessed a positive growth in student enrolment owing to reduction in fees payable as a result of Government Capitation approach to ensure affordable Technical Vocational Training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed. During the year, the institution has managed to have Isolation rooms to meet COVID-19 Ministry of Health Requirements and Offices for teaching staff.

Other major projects are:







- Classrooms using pre-cast Technology, Plumbing workshop,
- New sewer line, Cabro works
- Management vehicle, Hostel for the PWDs,
- Tractor and workshop equipment.

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e. food security, affordable housing, universal health and manufacturing).

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8.		<p>Ms. Hannah N. Mburu – -Date of Birth: 29/01/1967 -MSC -Applied Mathematics -Ongoing – PHD in applied mathematics</p>	<ul style="list-style-type: none"> - Principal/Secretary BOG - She has a vast of experience as a mathematics teacher of over 25 years. - Took over on 23rd Sept 2020 as The Principal in Thika TTI - Not a member of ICS
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III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 <p>Ms. Hannah N. Mburu Masters in Applied Mathematics Ongoing – PHD applied mathematics</p>	Principal/BoG Secretary
2.	 <p>Gerald Kigia - Degree in Mechanical Engineering</p>	Deputy Principal – Administration
3.	 <p>Benson Kioko -Master in Business Administration</p>	Deputy Principal – Academics Affairs
4.	 <p>Joseph Gachau Muchangi - Degree in Mechanical Engineering</p>	Registrar
5.	 <p>Mary Mungai - Masters in business Administration - Degree in Psychology & Counselling - Higher Diploma in Tech Education</p>	Dean of Students
6.	 <p>Stephen N. Wairima - MBA (Finance), B.com (Finance) - CPA Final - Certificate in Forensic Audit – Contract and Procurement Fraud –ICPAK</p>	Finance Officer

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Challenges Faced

The Technical Training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. During the year, the effect of Covid -19 pandemic brought about a financial challenge to the institution. The students were not in the institution for more than a semester and we could not charge them fees which was part of our budget. However, we faced the challenge positively and addressed the issues at hand.

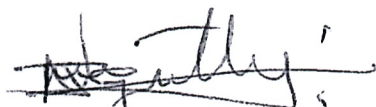
Disparities in salaries among BoG staff in the institute. This has over the years created disharmony and general low morale. This has been objectively address which has improved performance.

Thika T.T.I has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at Thika T.T.I, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Thika T.T.I is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.



Dr Joseph Muguthu

CHAIRMAN, BOARD OF GOVERNORS

10th May, 2022.

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V. REPORT OF THE PRINCIPAL

Thika Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country’s Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We were able to transition from ISO 9001-2008 to ISO 9001:2015 certification during the year. Under my leadership and the overall direction of the Institute’s Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by Covid pandemic that led to economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

During the year a master plan has been developed to allow for the institution to become a centre of excellence and of national impact through; defining a vision for its future growth for the next 25 years, providing an integrated spatial growth framework as a basis for coordinated programming of capital projects as well as development of physical infrastructure to improve efficiency in service delivery and training. The Institution has also maintained its linkages with GIZ cooperative training and industries.

HIGHLIGHTS OF FY 2020/2021 PERFORMANCE

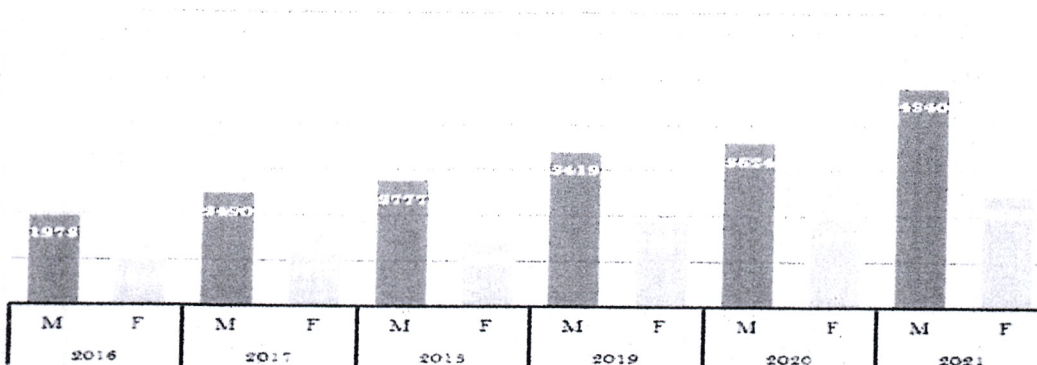
Students Enrolment;

The Financial Year 2020/2021 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

In a move to boost student enrolment the Government has sustained Capitation to all joining and current students. Annual students fee remained as capped in all Technical Institutions & National Polytechnics at Ksh 56,470/= while the institution has set support system for the needy students to apply for HEI R

FY 2020/2021 enrolment was met with a challenge of the Covid – 19 pandemics that led to untimely closure of the Institutions. This Kept the September Intake students waiting till the end of the FY

The student population over the last 5 years is as below



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Projects Undertaken

During the Financial Year under review, The Board was able to successfully complete and hand over Muranga TVC which was under her mentorship and continues to mentor other institutions namely; Gichugu TVC, and Kiharu TVC. These two institutions were over 75% completion by the end of the financial year.

Departmental Equipment:

Thika T.T.I is sincerely grateful to the Government for considering our institute through equipping our B.C.E, Mechanical and Automotive department with State of the Art Training equipment. The Board of Governors has as well continued to equip departments with agricultural Engineering acquiring a new tractor, boom sprayer, disc plough and others.

Contribution to the Big 4 Agenda

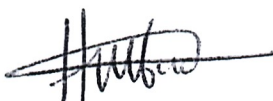
The institution continues to equip our students with the relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that our students are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Thika Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



**HANNAH N. MBURU
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

Date: 10th May, 2022.

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Thika Technical Training Institute has 8 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:



Thika Technical Training Institute develops its annual work plans based on the above 8 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2020/2021 period for its 8 strategic pillars as indicated in the diagram below:

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Strategic Pillar	Objective	Key performance indicators	Activities	Achievements
Pillar 1: Infrastructure development	<ul style="list-style-type: none"> ✓ Improving and increasing physical facilities 	<ul style="list-style-type: none"> ✓ Completion of buildings under construction, ✓ Complete the projects for institutions being mentored 	<ul style="list-style-type: none"> ✓ Develop a framework for improving and increasing physical facilities ✓ Improve TVET equipment, information & communication systems 	<ul style="list-style-type: none"> ✓ Completed Mega tent, ✓ Cabro works, ✓ Biometric System ✓ Reading sheds ✓ Precast tuition classes ✓ Walkways etc
Pillar 2: Technology and Ict infrastructure	<ul style="list-style-type: none"> ✓ Use of modern technologies and equipment 	<ul style="list-style-type: none"> ✓ Complete ICT infrastructures, ✓ Installation of Management Information System 	<ul style="list-style-type: none"> ✓ Develop adequate ICT capacity and infrastructure ✓ Institutionalized Management Information System 	<ul style="list-style-type: none"> Improved ICT infrastructure – more routers and computers
	<ul style="list-style-type: none"> ✓ Improve Management Information System 	<ul style="list-style-type: none"> ✓ ICT courses 	<ul style="list-style-type: none"> ✓ Promote the use of ICT in Curriculum delivery & management systems 	<ul style="list-style-type: none"> -Installation of ERP MIS - Moodle platform for online learning that has enhanced blended learning
Pillar 3: Collaboration and Linkages	<ul style="list-style-type: none"> ✓ Enhance collaboration and linkages 	<ul style="list-style-type: none"> ✓ Development partners on board Mentorship 	<ul style="list-style-type: none"> ✓ Establish collaborations and linkages ✓ Strengthen existing collaboration and linkages ✓ Establish benchmarks and joint cooperation networks with international TVET institutions 	<ul style="list-style-type: none"> The Institute has the following collaborations and linkages. (i) Commonwealth of Learning (C.O.L) (ii) Housing Finance Foundation Kenya Vehicle Manufactures (iii) GiZ cooperative training
Pillar 4: Institutional Governance	<ul style="list-style-type: none"> Improve institutional corporate governance 	<ul style="list-style-type: none"> ✓ Constant review of courses offered ✓ Improved result based management in the training system ✓ Improved budget accuracy level 	<ul style="list-style-type: none"> ✓ Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS) ✓ Embrace results based management in the training system ✓ Develop and implement M&E systems 	<ul style="list-style-type: none"> ✓ Establishment of M & E Office ✓ Establishment of career services office ✓ Aligning the institute structure with the ministry recommendations ✓ Implementation of Greening, Gender, ADA and HIV policy
	<ul style="list-style-type: none"> Develop and Implement M & E Systems 		<ul style="list-style-type: none"> ✓ Fast track institutional expenditure review 	

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Pillar 5: Human Resource	HR development and management	<ul style="list-style-type: none"> ✓ Increased number of staff to match the increasing number of students 	<ul style="list-style-type: none"> ✓ Increase staff at TSC and BoG levels ✓ Develop competencies in staff 	<ul style="list-style-type: none"> ✓ Implementation of HR manual. ✓ Development of Staff Appraisal System
	Improve and sustain relevance of skills			
Pillar 6: Financial Resources	<ul style="list-style-type: none"> ✓ Diversify sources and increase funding 	<ul style="list-style-type: none"> ✓ New development partners ✓ Enhanced existing partners' relationship ✓ Increase in government development funds 	<ul style="list-style-type: none"> ✓ Increase GoK funding ✓ Exploit external funding possibilities through developed criteria ✓ Expand income generation at institutional level 	<ul style="list-style-type: none"> ✓ Implementation of the Budget and procurement plan as a Control tool
Pillar 7: Access and Equity	<ul style="list-style-type: none"> ✓ Expand educational programmes and increase access ✓ Enhance publicity and marketing 	<ul style="list-style-type: none"> ✓ Improved training programmes in MSE sector. ✓ Expansion of facilities 	<ul style="list-style-type: none"> ✓ Expand facilities based on government priorities ✓ Support TVET trainees ✓ Promote affirmative action for TVET trainees ✓ Reform and enhance education, training, and guidance services. ✓ Improve training programmes in MSE sector. ✓ Offer higher level programmes 	<ul style="list-style-type: none"> ✓ Promoted affirmative action for TVET trainees ✓ Reformed and enhanced guidance and counselling services. ✓ Admitted cohort 1 of ABT level 6 through cooperative training
Pillar 8: Research and development	Institutionalize effective research and development	<ul style="list-style-type: none"> ✓ Appointed research committee ✓ Attempt to hold internal conference and regional knowledge sharing forums 	<ul style="list-style-type: none"> ✓ Develop mechanisms for R&D collaboration among TVET institutions. ✓ Promote the use of research results in technology development and transfer ✓ Develop R&D infrastructure 	<ul style="list-style-type: none"> ✓ Creation of research and development section. ✓ Development of research and development policy ✓ Participated in TVET Fairs and exhibitions and career fairs. ✓ Participated in international conferences

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VII. CORPORATE GOVERNANCE STATEMENT

Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder; strengthens Board and management accountability and helps build public trust in the Institute.

Attendance of board meetings

During FY 2020/2021, there was 99% eligible attendance in all meetings of the Board and Committees. The following table shows the number of full board meetings held during 2020/2021, the attendance of each Member;

Member	29 th July 2020	7 th Octo 2020	11 th Nov 2020	13 th May 2020	26 th Jan 2021	31 st March 2021	30 th June 2021	Total meetings attended	Sitting allowance per day
DR. Joseph Muguthu (BOG Chairman)	Present	Present	Present	Present	Present	Present	Present	7/7	21,500
Hannah Mburu (Principal)	N/A	Present	Present	Present	Present	Present	Present	6/7	N/A
Peris Muniafu (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Stephen Chongoti (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
George M.K Matoke (Member)	Present	Present	Present	Present	Absent	Present	Present	6/7	18,000
Dan Ochieng Ogola (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Alex Mwaniki (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Rebecca Rayon Mpaayei (Member)	Present	Present	Present	Present	Present	Present	Absent	6/7	18,000

Board of Governors should meet at least once every four months. Every meeting of the Board of Governors is convened by giving at least fourteen days' notice in writing to every member unless three quarters of the total members of the Board of Governors otherwise agree.

There were 7 full board meetings during the year.

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda together with the Board papers are distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them during meetings.

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CORPORATE GOVERNANCE STATEMENT (Continued)

The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, communication channel and the Institute's public policy engagement and technological contributions policy.

The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively.

The Board Chairperson's primary role is to ensure the effective running of the Board and that as a whole it plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

The Board is collectively responsible for the long-term success of the Institute.

There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i) approval of overall Institute strategy and objectives.
- ii) approval of the annual budget and monitoring progress towards its achievement.
- iii) review and approval of the annual financial statements.
- iv) approval of Institute's financing arrangements from donors and other government agencies.
- v) approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are Non-executive.

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

We strive to provide the highest quality of training to our students by;

- i) Being courteous, fair, ethical and professional.
- ii) Being positive and helpful and provide reasons for any decisions we make.
- iii) Providing assistance when required.
- iv) Answering enquiries or requests accurately and in a timely manner
- v) Treating our staff, Contractors and Suppliers honestly and with respect.
- vi) Keeping the Institute clean, tidy and free from any damage.

Board charter

The Board of Governors have a board charter in place

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Thika Technical Training Institute being a Key driver to the attainment of the BIG 4 agenda ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally, regionally and globally.

The Institution has unrelenting focus on improving and maintaining excellent Technical and Vocational Training across her specialties.

Operational and financial Performance

During the financial year 2020/2021, the operations of the institution both current and development were affected by Covid pandemic that led to the closure of the institution by the Government for a whole term. This closure affected the revenue collection and as well the implementation of the budget per quarter.

The revenue collected per quarter in comparison to the previous year was as follows:

REVENUE COLLECTION PER QUOTA						
S/N	Year	First Quota	Second Quota	Third Quota	Fourth Quota	TOTAL
A	2019/2020	79,503,884	65,339,941	84,218,053	109,798,090	338,859,968.00
B	2020/2021	4,485,688	55,636,638	137,834,232	125,803,442	323,760,000.00
	B - A	(75,018,196.00)	(9,703,303.00)	53,616,179.00	16,005,352.00	(15,099,968.00)

The expenditure per quarter in comparison to the previous year was as follows:

EXPENSES PER QUOTA						
S/N	Year	First Quota	Second Quota	Third Quota	Fourth Quota	TOTAL
A	2019/2020	48,783,089	53,597,866	60,243,190	37,137,325	199,761,470.00
B	2020/2021	35,879,944	101,507,326	101,720,592	99,632,601	338,740,463.00
	B - A	(12,903,145.00)	47,909,460.00	41,477,402.00	62,495,276.00	138,978,993.00

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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

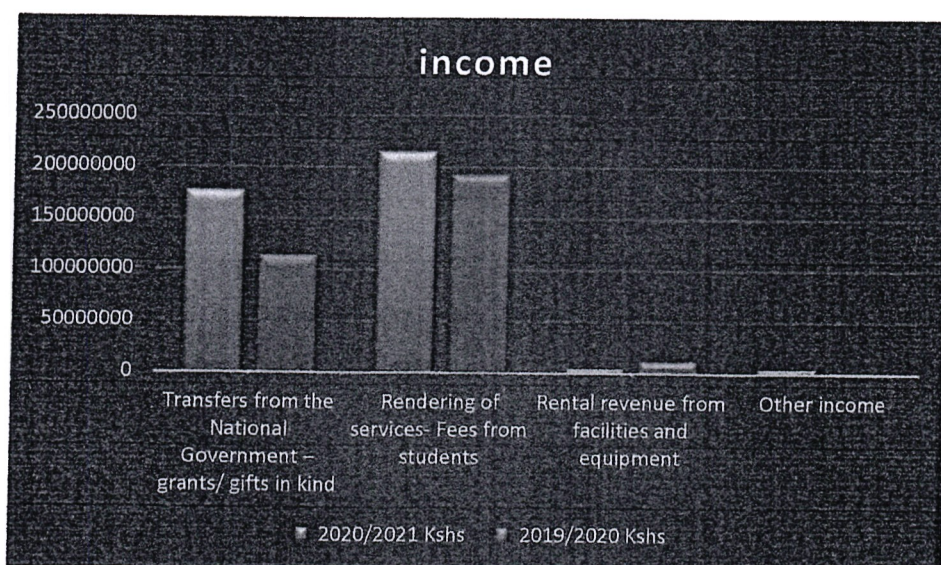
During the financial year 2020/2021, the institution undertook several new major projects

These projects include:

S/N	Project	Cost
1	Renovation of Kitchen / Cafeteria	9,436,810
2	Removal of Asbestos in Classrooms and staff houses and roofing with iron sheets	11,051,100
3	Cabro Works within the institution	6,667,770
4	Major renovations on Ablution blocks, classrooms, workshops and dispensary	19,655,153
7	Conversion of 2 blocks into PWD Hostels with a perimeter wall	6,422,019
8	Construction of sewer line	6,146,895
9	Renovation and extension of Agriculture workshop	7,277,905
11	Reclaiming Swampy arear Behind BCE and AG	7,323,050
12	Constructions Walkway Shades with paving slabs	6,107,120
13	Rehabilitation and Extension of student Centre	3,659,818
14	Construction of Precast classrooms	4,291,240
	TOTAL	90,175,365

During the year under review, the institute reported an improved income position even though the year was also disrupted by the outbreak of Covid 19. In the year 2019/2020, the government released capitation for only three quarters within the year while in 2020/2021 capitation was received for all the quarters within the year. Below is an analysis of income earned during the year and the expenditure incurred in the same period.

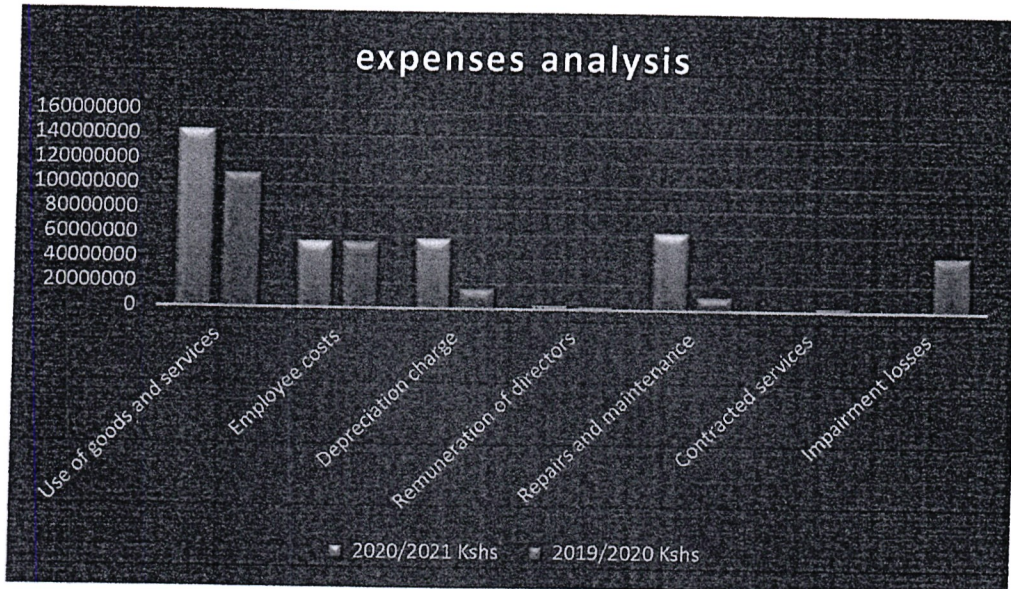
a) Revenue analysis



**THIKA TECHNICAL TRAINING INSTITUTE
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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

b) Expenses analysis



Thika Technical Training Institute compliance with statutory requirements

Thika Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Major risks facing the organisation.

The institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Student turnover – this brings about the risk of losing funds from student who exit the institution without following the set clearing procedures.
- ii. Inadequate student accommodation and support facilities
- iii. Delayed disbursement of capitation and HELB grants
- iv. Staff turnover due to inability to retain them

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Thika Technical Training Institute exists to transform lives. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the Organisation's strategic objectives.

Sustainability strategy and profile

The Institution's strategic plan communicates a desire to strengthen our efforts towards sustainability. The sustainability strategic objectives are:

- i) Financial sustainability: aims at Improving Efficiency through cutting costs leading to reduced wastage of resources.
- ii) Academic Sustainability: aims at sustaining results at the level of education, training and research. The sustainability of the educational results (occupational standards, curricula, teaching and learning materials, assessment tools) is guaranteed as we adhere to the regulations and procedures set by TVETA and TVET-CDACC as far as TVET-level programs are concerned. The institution has also invested in blended learning to ensure continuity in training and learning.
- iii) Technical and environmental sustainability: focuses on applying sustainability principles and practices within the structures, philosophies and services, learning processes and physical sites. We have employed key environmental strategies, e.g. on the use of environmentally friendly technologies such as rain water harvesting and also using best practices in waste disposal especially in this COVID 19 era.
- iv) Organizational and institutional sustainability: has seen the institution develop meaningful cooperation and partnerships with the private sector and the industry.

Environmental performance

We have developed environmental policy to guide the organisation in our environmental performance in addition to environmental guidelines issued by NEMA. We also have an internal environment office that oversees the enforcement of the environmental policies and guidelines.

The institution has increased its Green spaces. The management is at an advanced stage of setting guidelines for Solid Waste management and developing a policy on re-cycling of waste. Environmental Literacy has also been incorporated in technical education in the CDACC/CBET programs currently being rolled out in the institution. This will improve the awareness in management/conservation of the environment in the trainers and trainees.

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Employee welfare

Thika Technical Training Institute focuses on the welfare of its staff. It has in place human resource procedures and manual guides on appraisals and reward systems which are carried out annually and areas of improvement in their area of specialization are identified and training of staffs is conducted. There is a WIBA which protect staffs when on job training.

The institution is in the process of developing an occupational safety and health policy though there is an internal OSHA office and committee that oversees the implementation and enforcement of the OSHA Act 2007 guidelines.

The following are the Thika Technical Training Institute Board policies that guide the hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally.
2	Human Resource Procedures and Manual	Regularly	This largely depends on availability of funds Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Thika TTI observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

Market place practices-

- a) Responsible competition practice - A research on market demand has helped the institution to offer courses that would shape business strategies and practices, and the context in which they operate, to take explicit account of their social, economic, and environmental impacts. There has been increased level of engagement with high schools and the general public as the source of our new students and for increase in brand awareness of Thika Technical Training Institute as a TVET institution of choice in the region and beyond.
- b) Responsible Supply chain and supplier relations - the institution places its adverts for tenders on the daily's and on its website for access to all. Payment to suppliers is done within the limited

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period of less than Ninety days' other guidelines like President's directive on Special category tender opportunities are adhered to.

- c) Responsible marketing and advertisement - Schools visits are a good opportunity to meet students, teachers and parents. These opportunities have a direct impact on the students where information is shared and students get an opportunity for career guidance. Outreach missions are held in collaboration with institutional agencies like clubs and associations and also for ad-hoc events that would add value to marketing our institution.
- d) Product stewardship - The Institution ensures that all the courses offered are accredited by the relevant bodies eg KASNEB, KNEC, NITA, Pharmacy & Poison's Board

Corporate Social Responsibility / Community Engagements

During the financial year 2020/2021 the institution engaged in charity walks e.g Cancer awareness walk organized by The Zambezi hospital ltd. A donation of Ksh 10,000 was given towards the kitty. The Institution through the red cross club visited and supported Otto Hoffman Centre for needy street children.

The Institute Supports Rotaract club which has had several activities to the community including sports within the institution.

The Institution offers an opportunity to the community in using our facilities like field,



X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which shows the state of Thika Technical Training Institute's affairs.

Principal activities

The principal activity of Thika Technical Training Institute is to provide quality training in technical, industrial, vocational and entrepreneurship.

Results

The results of Thika Technical Training Institute for the year ended June 30, 2021 are set out on page 1 to 30

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page VII. During the year no Board member retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of Thika Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021.

By Order of the Board



Hannah Mburu
PRINCIPAL/BOG SECRETARY
10th May, 2022..

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XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board of governors to prepare financial statements in respect of that Institute which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that year. The board of governors are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Thika Technical Training Institute. The board of governors are also responsible for safeguarding the assets of the institute

The board of governors are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of Thika Technical Training Institute for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board of governors accept responsibility for Thika Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The board of governors are of the opinion that the institutes financial statements give a true and fair view of the state of Thika Technical Training Institute's transactions during the financial year ended June 30, 2021, and of the institute's financial position as at that date. The board of governors further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that the institute will not remain a going concern for at least the next twelve months from the date of this statement.

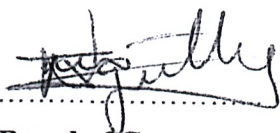
Approval of the financial statements

The institute's financial statements were approved by the Board on 10th May, 2022 and signed on its behalf by:

Name: Dr Joseph N. Muguthu

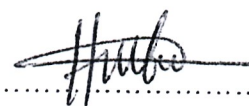
Name: Hannah N. Mburu.

Signature.....



Chairman, Board of Governors

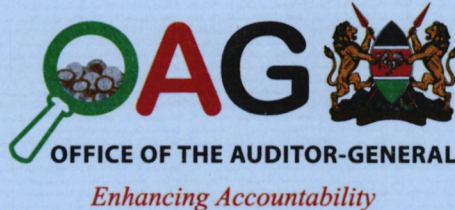
Signature.....



Principal/BoG Secretary

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THIKA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Thika Technical Training Institute set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Unsupported Revenue

The statement of financial performance and as disclosed in Note 7 reflects a balance of Kshs. 402,216,288 relating to revenue which includes Kshs.215,568,018 for rendering of services - fees from students in the year under review out of which Kshs.131,249,070 related to tuition fees. However, the supporting schedules indicating tuition fees arrears and the current year's tuition fees were not submitted for audit review. Further, the revenue balance of Kshs.402,216,288 includes an amount of Kshs.4,952,512 relating to rental revenue collected from fifteen (15) houses. However, available information provided indicates there were fifty-two (52) rented houses implying that income from thirty-seven (37) houses was not accounted for.

In the circumstances, the accuracy and completeness of the total revenue collected of Kshs.402,216,288 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Thika Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The summary statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.405,768,606 and

Kshs.312,065,224 respectively, resulting to an underfunding amounting to Kshs.93,703,382 or 23 % of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.329,118,616 and Kshs.235,459,942 respectively, resulting to an underperformance amounting to Kshs.93,658,674 or 28 % of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

The audit report for the previous year highlighted several issues under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control and Risk Management. The matters had not been resolved as at 30 June, 2021.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular procurement of Teaching and Training Materials

The statement of financial performance reflects an expenditure of Kshs.144,005,644 in respect of use of goods and services which, as disclosed in Note 10 to the financial statements, includes Kshs.19,163,091 relating to teaching and training materials. Examination of payment vouchers revealed that procurement was done using request for quotations. However, evidence of existence of an Ad Hoc Opening Committee and an Ad Hoc Evaluation Committee was not submitted for audit verification. In addition, professional opinions issued in respect of the procurements by the Head of Procurement Function have not been presented for audit verification. This is contrary to Section 84(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the Head of Procurement Function of a procuring entity shall, alongside the report to the Evaluation Committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement or asset disposal proceedings.

In the circumstances, the validity of the expenditure of kshs.19,163,091 could not be confirmed.

2. Incomplete Project

The statement of financial position reflects property, plant and equipment of Kshs.1,849,334,561 which includes Kshs.7,790,000 Biometric System being work in progress for the year under review. The system was supposed to integrate with the new ERP System to monitor student attendance and time monitoring. However, this has not been achieved and the system is operating as stand-alone, only providing for biometric access control. A number of modules including procurement module are not in operation while others are still not fully functional.

In the circumstances, value for money for expenditure of Kshs.7,790,000 may not have been obtained.

3. Trade Debtors and Other Receivables

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.90,472,210 in respect of receivables from exchange transactions. However, no aging analysis for the student's debts, staff rent debts and salary advance were submitted for audit verification.

In the circumstances, the validity and recoverability of the receivables of Kshs.90,472,210 could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy and Internal Audit Function

The Institute did not have an active Internal Audit Department during the year under review. There were no reports tabled to the Audit and Risk Committee during the first three quarters for action. Further, the Institute did not have a Risk Management Policy.

In the circumstances, the procedures and strategies put in place to assess, identify, reassure, prioritize and mitigate risks in the Institute could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Institute's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 July, 2022

THIKA TECHNICAL TRAINING INSTITUTE
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	177,240,000	113,872,500
Transfers from the National Government – grants for mentored institutions	6	29,806,260	
Total Revenue from non-exchange transactions		207,046,260	113,872,500
Revenue from exchange transactions			
Rendering of services- Fees from students	7	215,568,018	192,893,245
Rental revenue from facilities and equipment	8	4,455,758	12,112,216
Other income	9	4,952,512	1,247,995
Revenue from exchange transactions		224,976,288	206,253,456
Total revenue		402,216,288	320,125,956
Expenses			
Use of goods and services	10	144,005,644	109,138,711
Employee costs	11	54,304,086	53,918,873
Remuneration of directors	12	3,696,705	2,972,412
Depreciation and amortization charge	13	58,456,039	17,015,553
Repairs and maintenance	14	62,986,341	10,763,508
Contracted services	15	-	3,700,000
Impairment losses	16	-	44,694,134
Transfer to Mentored institutions		29,806,260	-
Total expenses		353,255,075	242,203,191
Other gains			
Gain on sale of Scrap	17	321,150	-
Total other gains		321,150	-
Net Surplus for the year		79,088,623	77,922,765

The notes set out on pages' 6 to 32 form an integral part of the Annual Financial Statements.

THIKA TECHNICAL TRAINING INSTITUTE
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 2021

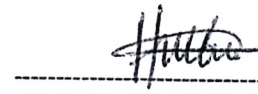
	Notes	2020/2021	2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18	267,522,752	273,806,195
Receivables from exchange transactions	19	90,472,210	45,182,905
Receivables from non-exchange transactions		-	37,957,500
Total Current Assets		357,994,962	356,946,601
Non-current assets			
Property, plant and equipment	20	1,849,334,561	1,831,133,875
Intangible assets	21	6,232,000	-
Total Non-current Assets		1,855,566,561	1,831,133,875
Total assets		2,213,561,523	2,188,080,475
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	14,385,774	23,437,204
Refundable deposits from customers	23	1,155,440	1,146,240
Payable to mentored institutions	24	1,332,476	34,784,421
Total Current Liabilities		16,873,690	59,367,865
Non-current liabilities			
Deferred income	25	-	11,113,400
Total Non-current liabilities		-	11,113,400
Total liabilities		16,873,690	70,481,265
Reserves			
Accumulated surplus		439,534,206	345,686,430
Revaluation reserve		583,477,589	583,477,589
Capital grants		1,173,676,039	1,188,435,192
Total Reserves		2,196,687,833	2,117,599,211
Total Liabilities and Reserves		2,213,561,523	2,188,080,476

The Financial Statements set out on pages 1 to 32 were signed on behalf of the Institute Board of Governors by:


 Chairman of Board of Governors

10th May, 2022.


 Finance Officer
 ICPAK No 21023
 10th May, 2022.


 Principal
 10th May, 2022.

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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Accumulated Surpluses	Capital grants	Total
Balance c/d as at June 30, 2018	-	39,685,178		39,685,178
Balance b/f as at July 1, 2018				
Prior year adjustments:	-	39,685,178		39,685,178
Capital funds				
Surplus for the year			1,251,520,704	1,251,520,704
Transfer of depreciation from capital fund to retained earnings	-	161,558,250		161,558,250
Balance c/d as at June 30, 2019	-	48,326,359	(48,326,359)	-
Prior year adjustments:		249,569,787	1,203,194,344	1,452,764,132
Accumulated erroneously recognised as deferred income		8,434,725		8,434,725
Deferred income recognised as revenue in prior years				
Restated balance c/d as at June 30, 2019		(5,000,000)		5,000,000
Balance b/f as at July 1, 2019		253,004,512	1,203,194,344	1,456,198,857
Surplus for the year		253,004,512	1,203,194,344	1,456,198,857
Revaluation surplus		77,922,765		77,922,765
Transfer of depreciation from capital fund to retained earnings	583,477,589			583,477,589
Balance c/d as at June 30, 2020		14,759,153	(14,759,153)	-
Balance b/f as at July 1, 2020		345,686,430	1,188,435,192	2,117,599,210
Surplus for the year		345,686,430	1,188,435,192	2,117,599,210
Transfer of depreciation from capital fund to retained earnings		79,088,623		79,088,623
Balance c/d as at June 30, 2021	583,477,589	14,759,153	14,759,153	-
		439,534,206	1,173,676,039	2,196,687,833

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020/2021	2019/2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		177,240,000	224,355,000
Rendering of services- Fees from students		125,095,804	192,554,517
Rental revenue from facilities and equipment		4,455,758	12,112,216
Other income		5,273,662	1,247,995
Total Receipts		312,065,224	430,269,728
Payments			
Employee costs		(54,304,086)	(71,075,470)
Use of goods and services		(115,919,159)	(69,139,624)
Remuneration of directors		(3,696,705)	(2,972,412)
Repairs and maintenance		(61,539,992)	(10,447,903)
Contracted services		0	(3,700,000)
Total Payments		(235,459,942)	(157,335,409)
Net cash from operating activities		76,605,282	272,934,319
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(82,888,725)	(85,840,809)
Net cash flows used in investing activities		(82,888,725)	(85,840,809)
Cash flows from financing activities			
Development funds from the government		0	4,075,600
Net cash flows from financing activities		0	4,075,600
Net increase/(decrease) in cash and cash equivalents		(6,283,443)	191,169,110
Cash and cash equivalents at 1 JULY 2020		273,806,195	82,637,086
Cash and cash equivalents at 30 JUNE 2020	18	267,522,752	273,806,196

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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization difference	
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	2020-2021
Revenue												
Transfers from other Govt entities Govt grants	199,248,000				199,248,000		177,240,000		22,008,000			11%
Public contributions and donations												
Rendering of services- Fees from students	202,426,606				202,426,606		125,095,804		77,330,802			38%
Gains on disposal, rental income and agency fees	4,094,000				4,094,000		9,729,420		5,635,420			-138%
Total income	405,768,606				405,768,606		312,065,224		93,703,382			
Expenses												
Compensation of employees	63,846,630				63,846,630		54,304,086		9,542,544			15%
Use of Goods and services	214,838,663		(14,713,000)		200,125,663		115,919,159		84,206,504			42%
Repairs, Maintenance & improvements	46,833,323		14,713,000		61,546,323		61,539,992		6,331			0%
Remuneration of directors	3,600,000				3,600,000		3,696,705		(96,705)			-3%
Total expenditure	329,118,616				329,118,616		235,459,942		93,658,674			
Surplus for the period	76,649,990				76,649,990		76,605,282		44,708			

Budget notes

- 1 The variance of 11% on Transfer from Government entities and other Government grants was due to Operational grant that was not received
- 2 The variance of 38% on Rendering of services- Fees from students was due to untimely closure of the institution due to Covid pandemic
- 3 The variance of -138% on gain on disposal and rental income was due to decrease in hire of our facilities for income that was necessitated by Covid pandemic
- 4 The variance of 15% on Compensation of employees was due to reduction number of trainers under BoG payroll who were absorbed by the PSC
- 5 The variance of 42% on use of Goods and services was due to untimely closure of the institution due to Covid pandemic
- 6 Total revenue as per statement of financial performance is Ksh 402,537,438 if we less the receivables of Ksh 90,472,214 we get the total revenue as per the budget which is Ksh 312,065,224
- 7 Total amount of use of goods as per statement of financial performance is Ksh 321,890,815 if we less the payables from exchange transactions of Ksh 13,806,938 and depreciation charge of Ksh 72,623,935 we get the total expenditure as per the budget which is Ksh 235,459,942

**THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Thika Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The institute is established under the TVET Act/ 2013 Act via certificate number **TVETA/Public/TVC/0008/2017**. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is training through the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act and others

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Thika Technical Training Institute.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

THIKA TECHNICAL TRAINING INSTITUTE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.**

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p>There is no impact of the amendments to the institute's financial statements.</p>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2020/2021 was approved by the board of governors on 4th **March 2020**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note 31 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of xxx years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

a) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	12.5%
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated

g) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Impairment of financial assets (Continued)

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

i) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

During the FY 2020/2021, the institute is engaged in various legal actions.

- (a) A DCI court case against several persons including an internal auditor whose is the employee of the institution who is under half pay. The outcome in favour of the internal auditor may lead to outflow of funds that could not be pre-determined.
- (b) The institute is a defendant in a legal action as per the notice of the judgement that was entered against the institution on 19th day of July 2019 (case no. 345 of 2019 Thika), the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined
- (c) The institute is a defendant in a legal action KIAMBU HCCA NO. 205 OF 2019 BOG THIKA TECHNICAL VERSUS GRACE WAIRIMU- the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined

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- (d) The institute is a defendant in a legal action THIKA CMCC NO. 10 OF 2020 RUTH WANJERI VERSUS BOG THIKA TECHNICAL- the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined
- (e) The institute is a defendant in a legal action THIKA ELRC NO. 30 OF 2020 MWANGI GICHERU VERSUS BOG THIKA TECHNICAL- the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined
- (f) The institute is a defendant in a legal action THIKA CMCC NO. 134 OF 2004 GEORGE KARUGA VERSUS BOG THIKA TECHNICAL- the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs. During the FY 2020/2021, the institution did not have any contingent assets.

j) Nature and purpose of reserves

Thika Technical Training Institute creates and maintains reserves in terms of specific requirements. These reserves include:

- Accumulated surpluses
- Development funds

k) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits

Retirement benefit plans

Thika Technical Training Institute provides gratuity to its employees upon retirement according to the retirement and benefits act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

The provisions applicable to the institution is provision for bad debts and its provided at 5% of the debts.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	177,240,000	113,872,500
	177,240,000	113,872,500
Conditional grants		
Grants for mentored institutions	29,806,260	
	29,806,260	

Note: Grants for mentored institutions is as per Appendix III page 32

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry of Education State department of Vocational and Training	177,240,000	-	-	177,240,000	113,872,500
Total	177,240,000	-	-	177,240,000	113,872,500

7. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	131,249,070	177,174,433
Activity fees	18,834,275	12,352,150
Exam fee	40,492,110	-
Facilities and materials	19,758,323	-
Registration fees	5,234,240	3,366,662
Total Rendering of Services	215,568,018	192,893,245

Income from rendering of services relates to compensation paid by the students for services offered by the Institute.

8. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
KISE/ECDE hire of facility	-	5,656,222
Hire of facilities	2,572,486	1,473,260
Rent	1,361,272	2,411,657
Other income	522,000	2,571,077
Total rentals	4,455,758	12,112,216

This is income earned by letting out the Institute facilities like the ground and staff houses. During the year under review, the institution did not hire out facilities to KISE/ECD due to Covid 19 pandemic hence reduced income.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Center Fee	1,209,800	-
Driving school charges	1,970,250	-
Damages and recoverable losses	26,025	-
Insurance Recoveries	1,280,000	-
Sale of Scrap	321,150	-
Income from sale of tender	-	128,000
Catering services	464,437	880,595
Graduation	2,000	239,400
Total other income	5,273,662	1,247,995

10. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Electricity, Water & Conservancy	6,993,932	4,742,651
Activity	4,070,878	11,901,730
Teaching and training materials	19,163,091	32,190,467
Admin fees	29,096,450	21,858,527
Local travel and transport	22,259,792	17,156,597
Medical	665,409	-
Student identity cards	3,649,200	1,465,400
Examination expense	39,300,945	-
Student council	1,672,560	1,483,070
Industrial attachment	1,613,800	-
Registration	3,600,713	1,696,000
Advertising	958,259	-
Security costs	1,275,000	1,418,945
Insurance	1,548,884	3,333,843
Hire charges	802,075	5,329,719
Rent expenses	187,828	2,207,760
Cafeteria	286,955	1,311,379
Internet cost	75,750	2,948,982
Subscriptions	194,800	-
ICT infrastructure	2,000	93,641
fuel and oil	1,517,808	-
Printing and stationery	134,168	-
Telecommunication and postage	1,241,357	-
Training Expenses	902,314	-
Consultation Fees	250,000	-
DRIVING SCHOOL EXPENSES	164,398	-
Bank Charges	481,298	-
Fees Refund	395,980	-
Muranga- Operational Grant Expenses	1,500,000	-
Total good and services	144,005,644	109,138,711

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	40,777,861	40,511,617
Employee contributions to pensions and medical cost	597,290	579,960
Housing benefits and allowances	3,787,800	3,840,300
Social contributions	9,141,135	8,986,996
Total Employee costs	54,304,086	53,918,873

12. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	483,000	383,000
Directors emoluments	3,213,705	2,589,412
Total director emoluments	3,696,705	2,972,412

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	56,898,039	17,015,553
Amortization charge	1,558,000	56,898,039
Total depreciation and amortization	58,456,039	17,015,553

14. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	61,459,618	9,996,698
Investment property – earning rentals	-	158,675
Equipment and machinery	342,350	362,000
Vehicles	854,673	170,718
Computers and accessories	329,700	75,417
Total Repairs and Maintenance	62,986,341	10,763,508

15. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Property valuations	-	3,700,000
Total contracted services	-	3,700,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. IMPAIRMENT LOSSES

Description	2020-2021	2019-2020
	KShs	KShs
Motor vehicles	-	1,825,000
Computers	-	6,355,268
Furniture and fittings	-	3,433,558
Equipment	-	33,080,308
Total impairment losses	-	44,694,134

17. GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
Other assets not capitalised - Scrap	321,150	-
Total contracted services	321,150	-

18. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Equity bank	7,413,952	5,505,432
Barclays Main	241,967,151	213,643,014
Barclays Development	15,091,505	14,963,005
Cash on hand	110,213	10,059
Family Cafeteria A/c	591,391	229,824
NCBA Exam A/c	2,326,864	5,981,240
Barclays Maragwa	3,413	28,348,179
Barclays Gichugu	5,799	22,549
Barclays Mwea	9,950	4,488,131
KCB Kiharu	2,514	614,762
Total cash and cash equivalents	267,522,752	273,806,195

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		Shs	Shs
i) Current a/c - Fees Collection			
Equity bank	0090292436622	7,413,952	5,505,432
Barclays bank	0311190628	241,967,151	213,643,014
Sub- total		249,381,103	219,148,447
ii) Exam fee collection a/c			
NCBA bank	1000231378	2,326,864	5,981,240
Sub- total		2,326,864	6,596,002
iii) Development –			
Barclays bank	2035938330	15,091,505	14,963,005
Sub- total		15,091,505	14,963,005
iv) Cafeteria a/c			
Family bank	005000036290	591,391	229,824
Sub- total		591,391	229,824
v) Mentored Inst			
Mwea TVC- Barclays bank	2038121084	9,950	4,488,131
Gichugu TVC Barclays bank	2038121076	5,799	22,549
Maragwa TVC Barclays bank	2038121033	3,413	28,348,179
KCB Kiharu	1272557405	2,514	614,762
Sub- total		21,676	32,858,859
Grand total		267,412,539	273,576,371

19. RECEIVABLES FROM EXCHANGE TRANSACTIONS

19(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	92,068,154	47,024,713
Rent debtors	1,170,862	969,998
Advances	45,000	-
Less: impairment allowance	(2,811,806)	(2,811,806)
Total current receivables from exchange	90,472,210	45,182,905

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PROPERTY, PLANT AND EQUIPMENT

Cost/Valuation	Buildings		Land		Motor vehicles		Furniture and fittings		Computers		Plant and equipment		Capital Work in progress		Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
At 30 th June 2018	439,474,981		500,000,000	11,406,250	41,546,045	35,801,344	223,292,084							1,251,520,704	
Additions	20,330,819													20,330,819	
At 30 th June 2019	459,805,800		500,000,000	11,406,250	41,546,045	35,801,344	223,292,084							1,271,851,523	
Additions	36,911,152			14,150,000	8,538,000	4,389,000								85,840,809	
Surplus/(impairment) on revaluation	14,281,473		560,000,000	(4,106,250)	(7,210,471)	(14,617,117)	(57,890,540)							490,457,096	
At 30 th June 2020	510,998,425		1,060,000,000	21,450,000	42,873,574	25,573,227	179,164,201							1,848,149,427	
Additions	53,649,060			16,990,334	2,723,245	8,227,786	1,298,300							82,888,725	
Transfer of WIP to intangible assets															
At 30 th June 2021	564,647,485		1,060,000,000	38,440,334	45,596,819	33,801,013	180,762,501							(7,790,000)	
Comprising														1,923,248,153	
Cost															
Valuation	550,366,012		500,000,000	42,546,584	52,807,290	48,418,130	238,653,041							1,432,791,057	
	14,281,473		560,000,000	(4,106,250)	(7,210,471)	(14,617,117)	(57,890,540)							490,457,096	
Depreciation and impairment	564,647,485		1,060,000,000	38,440,334	45,596,819	33,801,013	180,762,501							1,923,248,153	
At 30 June 2018															
Depreciation	9,196,116														
At 30 th June 2019	9,196,116			2,281,250	3,776,913	8,261,849	24,810,232							48,326,359	
Reversal of accumulated depreciation on revaluation	(9,196,116)			2,281,250	3,776,913	8,261,849	24,810,232							48,326,359	
Depreciation	3,406,656			(2,281,250)	(3,776,913)	(8,261,849)	(24,810,232)							(48,326,359)	
At 30 th June 2020	3,406,656			1,787,500	1,786,399	2,557,323	7,477,675							17,015,553	
Depreciation	11,224,817			1,787,500	1,786,399	2,557,323	7,477,675							17,015,553	
At 30 th June 2021	14,631,473			9,163,209	5,476,303	9,373,107	21,660,603							56,898,039	
Net book values				10,950,709	7,262,702	11,930,430	29,138,278							73,913,592	
At 30 th June 2021	550,916,012		1,060,000,000	27,489,625	38,334,117	21,870,583	151,624,223							1,849,334,561	
At 30 th June 2020	507,591,769		1,060,000,000	19,662,500	41,087,175	23,015,904	171,986,526							1,831,133,875	
At 30 th June 2019	450,609,684		500,000,000	9,125,000	37,769,131	27,539,495	198,481,853							1,223,525,163	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings were valued by Benchmark Valuers Limited independent valuer on 2020 on market basis of valuation. These amounts were adopted on 30th June 2020.

20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	550,366,012	9,196,116	550,366,012
Land	500,000,000	-	500,000,000
Motor vehicles	42,546,584	2,281,250	42,546,584
Furniture and fittings	52,807,290	3776913.14	52,807,290
Computers	48,418,130	8261848.53	48,418,130
Plant and equipment	238,653,041	24810231.6	238,653,041
Total	1,432,791,057	48,326,359	1,432,791,057

21. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	-	-
Transfer from WIP	7,790,000	-
Additions	-	-
At end of the year	7,790,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	1,558,000	-
At end of the year	1,558,000	-
NBV	6,232,000	-

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22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	13,806,938	23,158,095
Fees paid in advance	578,836	279,109
Total trade and other payables	14,385,774	23,437,204

23. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Caution money	1,155,440	1,146,240
Total deposits	1,155,440	1,146,240

24. PAYABLE TO MENTORED INSTITUTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Maragwa Technical Institute	3,413	28,348,179
Gichugu Technical Institute	5,799	22,549
Mwea Technical Institute	9,950	4,488,131
Kiharu Technical Institute	2,514	614,762
Furniture account for mentored institutions	1,310,800	1,310,800
	1,332,476	34,784,421

25. DEFERRED INCOME

Description	2020-2021	2019-2020
	KShs	KShs
At start of the year	-	7,037,800
Additions during the year	-	4,075,600
Total deferred income	-	11,113,400

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the institution's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs
At 30 June 2020		
Receivables from exchange transactions	90,472,210	90,472,210
Bank balances	267,522,752	267,522,752
Total	357,994,962	357,994,962
At 30 June 2020		
Receivables from exchange transactions	37,957,500	37,957,500
Receivables from non-exchange transactions	45,182,905	45,182,905
Bank balances	273,806,195	273,806,195
Total	356,946,600	356,946,600

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Institution under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade and other payables from exchange transactions		14,385,774	-	14,385,774
Refundable deposits from customers			1,155,440	1,155,440
Payable to mentored institutions		1,332,476		1,332,476
Total		15,718,250	1,155,440	16,873,690
At 30 June 2020				
Trade and other payables from exchange transactions	-	23,437,204	-	23,437,204
Refundable deposits from customers			-	1,146,240
Payable to mentored institutions		34,784,421		34,784,421
Deferred income	-	-	11,113,400	11,113,400
Total	-	58,221,625	11,113,400	70,481,265

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

27. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

The transactions and balances with related parties during the year are as

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Capitation from National Government	177,240,000	113,872,500
Grants to mentored institution	27,306,260	0
Total	204,546,260	113,872,500
b) Key management compensation		
Directors' emoluments	3,696,705	2,972,412
Total	3,696,705	2,972,412

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	146,203,120	-
Total	146,203,120	-

29. EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

30. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education State department of Vocational and Training. Its ultimate parent is the Government of Kenya.

31. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

32. Reconciliations of statement of financial performance and Budget Totals

Description	2020 - 2021
	KShs
Total Revenue as per statement of financial performance	402,537,438
Less: 1 Receivable from non-exchange Transactions	0
2 Receivable form exchange Transactions	(90,472,214)
Total Revenue as per Budget	312,065,224
Total payments as per statement of financial performance	321,890,815
Less: 1 Payables from exchange Transactions	(13,806,938)
2 Depreciation charge	(72,623,935)
Total Expenditure as per Budget	235,459,942

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Failure to submit financial statements FY 2017/2018	The management is engaging to the DCI office to have the documents back in the institution to enable for preparation of the financial statements	Not yet resolved	August 2022
2.0	Failure to Insure Institute's assets	The management insured the Institutes assets FY 2020/2021	Resolved	
3.0	Weakness in Information Technology (IT) controls	The management has come up with ICT policy and Steering Committee in order to strengthen internal Controls in ICT	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Signature..... 

HANNAH N. MBURU
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS
Date: 10th May 2022.

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Muranga TVC	1	GoK – MoE Funding	7 years	261,365,108	No	Yes
Gichugu TVC	2	GoK – MoE Funding	7 years	51,300,055	No	Yes
Kiharu TVC	3	GoK – MoE Funding	3 years	50,602,615	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Muranga TVC	261,365,108	231,065,108	100%	261,365,108		GoK – MoE Funding
2	Gichugu TVC	51,300,055	29,300,055	75%	51,300,055		GoK – MoE Funding
3	Kiharu TVC	50,602,615	28,602,615	78%	50,602,615		GoK – MoE Funding

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		THIKA TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department for Vocational and Technical Training				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation – Quarter 1	23/11/2020	42,180,000	2020/2021
	Capitation – Quarter 2	18/02/2021	42,180,000	2020/2021
	Capitation – Quarter 3	12/04/2021	40,995,000	2020/2021
	Capitation – Quarter 4	30/06/2021	51,885,000	2020/2021
		Total	177,240,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Kiharu TVC	23/9/2020	20,000,000	2020/2021
	Murang'a TVC	30/06/2021	7,306,260	2020/2021
		Total	27,306,260	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent grant –Muranga TVC	22/2/2021	500,000	2020/2021
	Recurrent grant –Muranga TVC	1/4/2021	500,000	2020/2021
	Recurrent grant – Mwea TVC	1/4/2021	500,000	2020/2021
	Recurrent grant –Mwea TVC	6/5/2021	500,000	2020/2021
	Recurrent grant –Muranga TVC	25/6/2021	500,000	2020/2021
		Total	2,500,000	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
		Total	XXX	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
 Thika Technical Training Institute

Sign



Head of Accounting Unit
 MoE- State Department for vocational and technical Training

Sign

